

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0281793

IN RE: P-5 ORGANIZATION REPORT OF DSB ENERGY, LLC

FINAL ORDER

The Commission finds that after notice and an opportunity for hearing regarding the captioned matter, the Operator failed to request a hearing and pay the hearing fee as required by 16 TEX. ADMIN. CODE §3.15(g)(4) and TEX. NAT. RES. CODE §89.022(f). This matter having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

1. DSB Energy, LLC [Operator #229365] (the "Operator"), is the record operator or one or more inactive wells in the State of Texas and is required to file Organization Report (Form P-5) with the Commission. Operator's most recent P-5 was due on or before December 1, 2012.
2. After filing its most recent Organization Report (Form P-5) with the Commission, the Operator was notified they were deficient and had failed to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 (Surface Equipment Removal Requirements and Inactive Wells) and provided with a written statement of the reasons for the determination and allowed ninety (90) days from the date its P-5 was due to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 and TEX. NAT. RES. CODE §§89.021 - 89.030.
3. After the expiration of ninety (90) days and pursuant to 16 TEX. ADMIN CODE §3.15(g)(4), an authorized Commission employee determined that the Operator's Organization Report still could not be renewed because the Operator continued to fail to comply with the requirements of 16 TEX. ADMIN. CODE §3.15 (Surface Equipment Removal Requirements and Inactive Wells).
4. The Commission sent the Operator a letter by certified mail giving notice to the Operator of the determination of continued non-compliance regarding specified inactive wells, attached as Exhibit A to this order, and advising the Operator of the right to request a hearing to show compliance. The letter notified the Operator that the hearing request must be received in docket services no later than 30 days after the date of the letter. The letter also notified the Operator that a final order denying renewal of the Operator's Organization Report (Form P-5) would result in the cancellation of all P-4 Certificates of Compliance and the severance of all pipeline or other carrier connections.

5. All notices and letters from the Commission to the Operator on this matter were addressed and mailed to the Operator's most recently reported address on the Form P-5 Organization Report.
6. The Operator did not timely request a hearing and pay the hearing fee on these issues as required under 16 TEX. ADMIN. CODE §3.15(g)(4) (Surface Equipment Removal Requirements and Inactive Wells).
7. Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) is a Commission rule that relates to safety or the prevention or control of pollution.

CONCLUSIONS OF LAW

1. The Operator received proper notice and an opportunity for hearing regarding compliance with 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this matter have been performed or have occurred.
3. The Operator is in violation of Commission Statewide Rule 15 and did not timely request a hearing to contest the determination that it was in violation.
4. The Operator's P-5 Organization Report should not be renewed and all of the Operator's P-4 Certificates of Compliance should be cancelled, with all related pipeline or other carrier connections severed. 16 Tex. Admin. Code §3.15 (g)(4) and Tex. Nat. Res. Code §§89.022(f), 91.704 - 91.706.
5. The Operator's P-5 Organization Report cannot be renewed until the operator brings the inactive wells shown on the attached Exhibit A into compliance with the requirements of 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.

IT IS ORDERED that renewal of DSB Energy, LLC's P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that all P-4 Certificates of Compliance issued to DSB Energy, LLC as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

It is further ORDERED that DSB Energy, LLC shall bring the wells on Exhibit A into compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) and that the Operator's P-5 Organization Report shall not be renewed until the wells on Exhibit A have been brought into compliance as required by this order.

It is further ORDERED that DSB Energy, LLC and each person who held a position of ownership or control in the Operator at the time the Operator's most-recent P-5 Organization Report was filed shall be subject to the terms of TEX. NAT. RES. CODE §91.114.

It is further ORDERED by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T. CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

All requested Findings of Fact and Conclusions of Law which are not expressly adopted herein are **DENIED**. All pending motions and request for relief not previously granted or granted herein are **DENIED**.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Rule 15 Inactive Well
Master Order dated June 13, 2013.)

API Number	District	ID Number	Lease Name	Well Number
097 07868	09	30695	M. BAYER	22
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 20220	09	01966	CAMPBELL, W. H.	20
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
097 20223	09	01966	CAMPBELL, W. H.	23
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
097 30419	09	30695	M. BAYER	4
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 30500	09	09601	STORMER, E. T. -B-	6
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 31180	09	15814	ROHMER, ALOIS	4
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
097 31303	09	30695	M. BAYER	11
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 31337	09	30695	M. BAYER	29
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 31341	09	09601	STORMER, E. T. -B-	14
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 31410	09	09601	STORMER, E. T. -B-	15
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 31443	09	09601	STORMER, E. T. -B-	17
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
097 31449	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	31
097 31547	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	7
097 32658	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	9
097 32917	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	15
097 32940	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	16
097 33058	09	09601	STORMER, E. T. -B- Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	20
097 33090	09	01998	KOESLER, MARY Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	24
097 33857	09	01998	KOESLER, MARY Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	25
097 80178	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	13
097 80179	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	14
097 80180	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	15

API Number	District	ID Number	Lease Name	Well Number
097 80181	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	16
097 80182	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	18
097 80183	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	19
097 80187	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file Must resolve Field Operations H-15 delinquency preventing 14B2 approval	29
097 80189	09	01966	CAMPBELL, W. H. Electricity must be disconnected (certify on Form W-3C) Production fluids must be purged (certify on Form W-3C) No approved W-3X on file	32
097 82670	09	09601	STORMER, E. T. -B- Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	1
097 82671	09	09601	STORMER, E. T. -B- Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	16
097 82683	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	24
097 82695	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	26
097 82696	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	27
097 82697	09	30695	M. BAYER Electricity must be disconnected (certify on Form W-3C) Surface equipment must be removed (certify on Form W-3C) No approved W-3X on file	28

API Number	District	ID Number	Lease Name	Well Number
097 82717	09	30695	M. BAYER	
Electricity must be disconnected (certify on Form W-3C)				1
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 84104	09	15814	ROHMER, ALOIS	
Electricity must be disconnected (certify on Form W-3C)				1
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
097 84105	09	15814	ROHMER, ALOIS	
Electricity must be disconnected (certify on Form W-3C)				1A
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 84106	09	15814	ROHMER, ALOIS	
Electricity must be disconnected (certify on Form W-3C)				2
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
097 84107	09	15814	ROHMER, ALOIS	
Electricity must be disconnected (certify on Form W-3C)				3
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
097 84460	09	30695	M. BAYER	
Electricity must be disconnected (certify on Form W-3C)				19
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
097 84462	09	30695	M. BAYER	
Electricity must be disconnected (certify on Form W-3C)				21
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
337 31221	09	19886	EDMONDSON ESTATE	
Electricity must be disconnected (certify on Form W-3C)				1
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
337 31279	09	19886	EDMONDSON ESTATE	
Electricity must be disconnected (certify on Form W-3C)				2
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
337 31326	09	19826	EDMONDSON -A-	
Electricity must be disconnected (certify on Form W-3C)				1
No approved W-3X on file				
337 31454	09	19886	EDMONDSON ESTATE	
Electricity must be disconnected (certify on Form W-3C)				4
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
337 31455	09	19886	EDMONDSON ESTATE	
Electricity must be disconnected (certify on Form W-3C)				3
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
337 31677	09	19886	EDMONDSON ESTATE	
Electricity must be disconnected (certify on Form W-3C)				6
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
337 32056	09	19826	EDMONDSON -A-	
Electricity must be disconnected (certify on Form W-3C)				12
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				

INSUFFICIENT PROGRESS ON 10-YEAR INACTIVE WELLS: For wells shut-in at least 10 years as of September 1, 2010, operators were given five years to address the surface equipment removal requirements. For your Organization Report renewal on DECEMBER 1, 2012, Rule 15(i) requires that you be at least 40% complete with this process. Current W-3C records indicate that you have not met this requirement (37% of your phase-in wells show that you have completed the surface cleanup). Your Organization Report renewal cannot be approved until you have met this requirement and have filed the appropriate Commission forms to update our records.